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Advisors, clients want to know where the gold is at in 2025
By Rob Burgess
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Especially in times of political and economic uncertainty, investors turn to assets like gold.

This has helped fuel a rapid rise in the price of the precious metal, which hit new highs this year.

In a recent report, Goldman Sachs Research analyst Lina Thomas wrote that gold is set to hit $3,000 per troy ounce by the end of 2025.The price currently sits around $2,600 per troy ounce.

Alex Ebkarian, chief operating officer and co-founder of precious metals dealer Allegiance Gold, said this is entirely possible. Gold has averaged around 10% annual growth over the past two decades. He said within the next three to five years, that price could rise to as much as $5,000.

"Keep in mind that gold is not acting as a safe haven asset yet," he said. "In other words, we are not officially in a recession, and there is plenty of capital in global equities and bonds that could migrate to gold."

Looking further into the future, Vince Stanzione, financial trader and CEO and founder of educational publisher First Information, is even more optimistic. He said his ultimate forecast for gold is to reach over $7,000 an ounce by 2030.

"It's not a case of just gold going up, rather currencies becoming worth less and less as regardless of what politicians tell you they will continue to print money and devalue their currencies," he said. "Gold remains the perfect hedge against this. Also, inflation seems to have moderated and will continue to tick higher for longer and erode the purchasing power of currencies, whereas gold will protect you from this."

Nathan Mueller, a financial planner with BlackBird Finance in Pagosa Springs, Colorado, which serves individuals and couples between the ages of 30 and 50, said he finds many of his clients are interested in precious metals, similar to real estate.

"Owning a physical possession is appealing to folks, and on popular sites like Reddit or The Chive, you see precious metals getting promoted or popularized," he said.

When discussing gold with clients, Mueller said he tries to be objective.

"The pros are: it is a way to diversify your portfolio, and it can help hedge against inflation or economic declines," he said. "The drawback that many people don't think about is that it isn't liquid. You have to find a broker and pay a commission if you want to sell to get cash."

Like bitcoin, domestic and international volatility fuel gold's rise

The price of gold hit several new highs in 2024, which Ebkarian said foreshadows potential cracks and weaknesses of the global economy and the U.S. dollar, which continues to devalue due to domestic and international factors.

"Many of the previous short-term uncertainties — the outcome of U.S. election, Ukraine and Russia war, and geopolitical tensions — were expected to be subdued, and investors are now factoring in growth expectations, deregulations and lower taxes," he said.

Ebkarian said while there's been some short-term volatility in addition to money migrating from risk-off assets like gold, to risk-on assets, like equities and bitcoin, the recent sell-off in gold is predominately from speculators and investors who are "renting" gold as opposed to physically owning it.

Some clients are also using cryptocurrency, like bitcoin, as an alternative, said Christopher Berry, a financial planner with Castle Wealth Group in Brighton, Michigan.

"Though this is a higher-risk option," he said. "it does appeal to younger clients who have a longer time horizon."

Stanzione said while gold has not been in the headlines in the U.S., gold has been a major part of investment conversations in Asia and other parts of the world, a trend he expects to continue.

"Much of the 2024 demand came from outside the U.S.," he said.

In 2023 and 2024, central banks, especially in China and Russia, significantly ramped up their gold purchases to move away from the U.S. dollar, driving up demand, said Max Stamakun, financial advisor and portfolio manager at Israilov Financial in San Francisco.

Geopolitical tensions, like the conflicts in Ukraine and the Middle East, made gold a go-to haven for investors.

"Inflation concerns and Federal Reserve rate cuts further boosted gold's appeal by lowering the cost of holding it. These dynamics reinforced gold's reputation as a solid store of value during turbulent times.

As the country navigates the start of President Donald Trump's second term, with both debt and markets significantly elevated compared to his first term, Ebkarian said gold's role as a hedge against volatility and a reliable store of

value becomes even more critical.

"For savvy investors, the current backdrop strengthens the case for gold as a cornerstone of a well, risk-adjusted, diversified portfolio, especially in an environment where central banks simultaneously lower interest rates and continue to diversify their reserves in gold," he said.

Looking ahead to 2025, Stamakun said he expects gold to trade with a slight upward bias. Its performance will most likely hinge on factors such as central bank policies, geopolitical risks and demand from major markets like China and India.

"While the Fed is expected to continue cutting rates, a slower pace may moderate some investment demand," he said. "However, geopolitical tensions, highlighted by the recent events in South Korea and Syria, and inflation pressures tied to U.S. fiscal and trade policies could keep gold attractive as a safe haven. Central banks are also expected to remain net buyers, offering additional support. Given this backdrop, we believe gold remains a valuable addition to a diversified portfolio."

Some clients use gold ETFs and stocks

Stamakun said if his clients have a preference to invest in gold or precious metals in their portfolios, his firm utilizes ETFs that hold these commodities directly.

"These ETFs are backed by physical storage of these precious metals," he said. "Compared to buying and storing precious metals yourself, these ETFs offer price transparency and liquidity."

Stanzione said he remains bullish on gold, and still views it as an essential part of a portfolio. He said he advises a 20% allocation to either physical gold or a quality gold-backed ETF such as Sprott Gold (PHYS). He said he also prefers the Swiss-based ZKB Gold ETF, but that is for clients that can deal in Swiss-listed ETFs.

"Both ETFs are backed by physical gold in recognized vaults," he said.

Stanzione said has felt this way about gold for several years, in addition to mining stocks.

However, in the past few years, he has preferred to stay with actual gold ETFs, owning the metal, rather than mining stocks, which have far more risks.

"Owning mining stocks is not the same as owning the underlying metal," he said.

Stanzione said he is also positive on silver, but as more of an industrial metal rather than gold, which is a monetary metal and held by global central banks as a Tier 1 asset.

"Those willing to take higher risks could look at a mining ETF such as GDX which would give you access to major gold mining stocks, but I would only have 2% to 3% of a portfolio invested," he said. "Gold stocks do remain undervalued and out of favor."

However, gold also is taxed as a collectible, whether it is the hard metal itself or something like an ETF, which means the long-term capital gains rate is different, said Mueller

"You may owe more in taxes than if you own an ETF invested in companies on the S&P 500," he said.

Hedging against inflation

Adding gold to a portfolio can help diversify investments and act as a hedge against inflation, especially during uncertain economic times, said Stamakun.

"We generally recommend allocating about 5% of your portfolio to gold as a way to reduce overall risk," he said. "If you're close to retirement, exposure to gold in your portfolio can add peace of mind. While it might not offer the price appreciation that stocks and bonds do in the long term, it does help reduce your portfolio volatility."

While gold and other precious metals can serve as a hedge against inflation and economic uncertainty, they shouldn't dominate a portfolio, said Berry.

"I typically advise clients to view gold as a diversification tool rather than a growth engine, often allocating 5% to 10% of their portfolio if it aligns with their goals," he said. "As we move into 2025, gold prices will likely be influenced by interest rate policies and global economic stability. While predicting price movements is speculative, I see gold maintaining its appeal as a safe haven amid potential market volatility. My opinion of gold has remained steady over time — it's a valuable but complementary piece of a well-rounded investment strategy."